

TRANSFERRED TO OTHER AGENCY  
REFERRED FOR DIRECT REPLY - CIA

Secret



## Intelligence Report

Office of Asian Pacific and Latin American Analysis

4 April 2000

### Peru: Fujimori Leading in Controversial Presidential Race

#### Summary

*The campaign for the election on 9 April remains focused on the legality of President Fujimori's bid for a third term and on complaints that he is engaging in a variety of dirty tricks against the opposition. Opposition candidates, domestic nongovernmental organizations (NGOs), and international observers are concerned about a tainted electoral process, including the possibility of fraud on election day,*

[REDACTED]

- Fujimori, who remains the clear frontrunner, and his national security adviser Vladimiro Montesinos are using the security services to campaign for the President, intimidate the opposition and media, and control the institutions responsible for staging the election. [REDACTED]

[REDACTED]

- *The nine opposition parties competing in the presidential or congressional races remain divided and weak, although the recent surge of Alejandro Toledo in public opinion polls—only moderately reliable—suggests the race may be closer than once thought.* [REDACTED]

*The Fujimori administration is likely to do everything in its power, including tampering with the vote, to secure a first round victory, as polls suggest Fujimori would face a stiffer challenge in the second round. Both the President and Montesinos probably fear political and legal retaliation if Fujimori loses.* [REDACTED]

*The political opposition and domestic NGOs continue to look to the United States and international community to press Lima to hold a fair election. Peruvian and regional observers will probably view Washington's reaction as a signal of how serious the United States is about promoting democracy.*

- *Democratic consolidation will be problematic whatever the outcome. Fujimori is unlikely to temper his authoritarian governing style if he retains power, while a new President would face the difficult task of revitalizing a rubberstamp Congress and depoliticizing the judiciary, military, and other key institutions.* [REDACTED]

APLA IR [REDACTED]

CL BY: [REDACTED]

CL REASON: 1.5(c)

DECL ON: X1

DRV FROM: Multiple Sources

APPROVED FOR RELEASE  
DATE: DEC 2002

Secret

**Democracy Dominates Debate** [ ]

The campaign leading up to the election on 9 April—in which voters will cast ballots for president, two vice presidents, and 120 legislators—remains dominated by questions about the legality of President Alberto Fujimori's candidacy for a third consecutive term and concerns that he has stacked the deck in his favor. Other issues are of secondary importance; [ ] for example, that there is little difference in the broad outlines of the candidates' economic platforms, which all emphasize renewing economic growth, job creation, and international trade. [ ]

Longstanding challenges to the legality of Fujimori's unprecedented campaign for a third five-year term have fallen short, although some opposition candidates continue to call for the President to drop out of the race, citing the 1993 Constitution's two-term limit. The National Election Board (JNE) rejected 18 separate legal challenges to his candidacy, upholding Fujimori's interpretation that his first term (1990-95) does not count since it began under the previous charter. [ ]

Complaints about the legitimacy of the electoral process, meanwhile, remain widespread:

- Recent allegations that one of Fujimori's coalition partners, Peru 2000, forged up to 1 million signatures on its petition to register for the election have stoked controversy over the campaign's fairness. Lima has appointed a special prosecutor to investigate, but has widened the scope of the probe to include all parties and says results will not be available until after the first round.
- Candidates say they continue to face difficulties in getting campaign advertisements on television—virtually all channels take a pro-Fujimori editorial line—as well as smear campaigns in the print media, harassment by the National Police, military, and intelligence services, and physical and verbal harassment.

[ ]  
[ ] Fujimori's longtime adviser, Vladimiro Montesinos, is directing the National Intelligence Service (SIN) and other intelligence agencies, all three branches of the military, and the National Police in an effort to guarantee the President's reelection by harassing and surveilling opponents, intimidating and bribing media outlets to provide positive coverage, and propagandizing for the

---

This report was prepared by the Office of Asian Pacific and Latin American Analysis. [ ]

[ ]

President. The SIN—which set up a command post in September to engineer the reelection effort—is also funding tabloid newspapers and providing them with derogatory stories about the opposition

Candidates and domestic nongovernmental organizations (NGOs) are also concerned about election day fraud,  Political party representatives and election monitors will be allowed to observe and contest the tabulation of votes and their entry into computers, but neither the parties nor international observers have the manpower to staff all 87,000 voting tables. Although the nine opposition parties have agreed to cooperate in posting observers at polling stations, they estimate that more than half will have no independent observers.

### **Fujimori's Five-Year Campaign**

Fujimori, who is leading in the latest public opinion polls by some 15 percentage points,  has been planning his candidacy since at least 1996.   
 The President is not campaigning in the traditional sense; he did not issue a platform until late March, has skipped all major candidate forums, and refuses to participate in debates. Instead, he cast himself as a hardworking incumbent running for reelection to ensure that his successes against the Sendero Luminoso (SL) and Tupac Amaru Revolutionary Movement insurgencies and in turning around the economy—arguably his most notable accomplishments—are not imperiled:

- Fujimori ended in early March the last remaining emergency zones—a lingering and unpopular reminder of the fight against terrorism—and carefully orchestrated his role in the capture last year of SL's at-large leader to maximize his public credit
- In public appearances, he has touted his success in reducing inflation from more than 7,500 percent the year he took office to 6 percent in 1999. He also recently hiked the minimum wage by 18 percent.

Fujimori has also initiated several pork-barrel programs in recent months to bolster his standing, especially among poor, rural, and indigenous voters, who have long been his core supporters:

- In March, his campaign workers offered housing loans to poor inhabitants of Trujillo Department, [redacted]  
[redacted]  
[redacted]
- In January, following an invasion of private land in a Lima district by landless campesinos— [redacted]  
[redacted]—the President announced a large-scale program to provide land and titles to the landless. [redacted]

The opposition and domestic NGOs continue to look to the United States and the international community to press the Fujimori administration to cease its manipulation of the electoral process, but the government has made only cosmetic changes in response to criticism thus far:

- In response to calls for increased opposition access to broadcast media, television stations are now giving opposition candidates free airtime, but candidates continue to complain that the time is limited and that the segments are usually aired late at night, past peak viewing hours.
- Despite Fujimori's promises to keep the military and security services neutral in the election, [redacted] these institutions remain active in his campaign. [redacted]

### Opposition in a Muddle [redacted]

Confronted with the Fujimori machine, the opposition has put up a weak fight:

- Longstanding political and personalistic divisions and ambitions scuttled the opposition's ability to quash Fujimori's maneuvering for a third term and have subsequently thwarted efforts to agree on a single consensus candidate to oppose Fujimori. These problems have likewise stymied recent efforts to organize an opposition boycott or a united push to postpone the election and avoid legitimizing what they view as a tainted process.
- Traditional political parties, largely discredited by their inability to deal with the economic and security crises of the 1980s, are in a state of collapse. Leading opposition candidates are carrying the banners of

political movements formed as electoral vehicles, continuing a trend that began in the last presidential election. [ ]

Of the eight opposition candidates running for the presidency, only a few are serious contenders. Economist and university professor Alejandro Toledo, who formed his Peru Posible political movement as a platform for his unsuccessful 1995 candidacy, has surged dramatically in the polls in recent weeks and is now Fujimori's main challenger:

- [ ] Toledo has distinguished himself from other opposition candidates by emphasizing a positive message, rather than solely complaining about the Fujimori administration's dirty tricks, although he is trying to turn Fujimori's appeal as a nonwhite candidate against him by emphasizing his own indigenous heritage.
- [ ] his relaxed speaking style and ability to explain economic issues in an uncomplicated way—his platform emphasizes job creation—makes him an effective campaigner.

As Toledo has emerged as a frontrunner, the pro-Fujimori media has launched a concerted attack against him by dredging up allegations of his participation in a pyramid scheme that defrauded hundreds of Peruvians in 1994. These allegations hurt Toledo in 1995, although a formal investigation never yielded any credible evidence of his involvement. [ ]

Early frontrunners Lima Mayor Alberto Andrade and former Social Security Institute head Luis Casteñeda Lossio have both plunged in recent polls. Political observers attribute their sagging fortunes to their own political missteps and continued media attacks against them:

- Andrade, viewed as a presidential contender since he defeated a Fujimori proselyte for the mayoralty in 1995, has lost what was once a commanding lead over Fujimori and now ranks third or fourth in voter preferences. His Somos Peru movement did poorly outside of Lima in municipal elections in 1998 and lost a key Lima district mayoral race in what [ ] was interpreted as a repudiation of both Andrade and Somos Peru. Tabloid press attacks against his efforts to evict illegal street vendors from Lima's city streets resonate with poor voters.
- Casteñeda Lossio lost ground because of his limited public visibility, failure to articulate a coherent platform, and an excessive focus on the Fujimori administration's dirty dealing. Unsubstantiated media

allegations that he mismanaged the Social Security Institute and that he obtained campaign funding from dubious sources have also hurt him.

### Election Poses Difficult Challenges for Washington

There is little chance that the opposition will become sufficiently strong or united to organize a boycott that, by itself, would discredit the electoral process. Still less likely, given Fujimori's frontrunner status, would be a decision by the administration to postpone balloting; there is no existing legal mechanism to do so. Alejandro Toledo's surge in the polls actually works in Lima's favor, making him unwilling for now to consider a boycott or postponement.

For his part, the Fujimori administration will continue to press hard for a first round victory, using all resources at its disposal, including further attacks on current opposition frontrunner Toledo, and—if necessary—fraud on election day. The stakes are too high for him to risk going to a second round:

- Public opinion polls suggest that Fujimori would not fare well against a single opposition candidate in a second round, especially as most of the other candidates would probably throw their support behind the remaining challenger.
- Both Fujimori and key adviser Montesinos are undoubtedly leery about political retaliation if Fujimori is swept from office. Opposition figures continue to raise the prospect of trying both men for various acts: the 1992 *autogolpe*, or self-coup; human rights abuses committed in the course of the counterterrorism campaign; Montesinos's alleged links to narcotics trafficking and other illegal activities; and alleged abuses related to Fujimori's quest for a third term.

Montesinos fears for his personal security in the event of an electoral loss:

- 
- Montesinos has expressed concern about the possibility of assassination by narcotics traffickers or terrorists once he no longer has the security afforded by his current position. Fujimori may harbor similar fears.

The administration's actions to date and Fujimori's apparent calculation that he must remain in power at all costs increase the likelihood that this election represents a critical—and decidedly negative—turn for democracy in Peru:

- While neither electoral nor judicial authorities would be likely to entertain an opposition effort to contest a Fujimori victory, a public effort to discredit the process would further weaken public faith in the democratic system.
- A Fujimori victory would further undermine Peru's anemic democratic institutions. His past record suggests Fujimori will maintain control over the judiciary, military, and executive agencies to advance his political ambitions, and try to limit legislative independence. He will probably continue to use the security services to limit the development of a vibrant opposition, undermining prospects for progress in establishing a competitive democracy.
- The damage done to electoral institutions' integrity, the political opposition, and the credibility of the democratic system will linger through at least the next election, raising the prospect of another election of questionable legitimacy in 2005. ☐

Democracy aside, another Fujimori term would have mixed practical implications for the United States:

- Another win would undoubtedly bolster Fujimori's confidence and enhance his willingness to criticize US policy publicly—as he did in the case of Kosovo—and buck international opinion, as he did when he withdrew Peru from the InterAmerican Human Rights Court's contentious jurisdiction.
- Nonetheless, his past record suggests that he would maintain the economic discipline that characterized his first two terms, continue programs to reduce poverty and improve living conditions, and to expand Peru's trade ties. ☐

Other countries in the region will be watching Washington's reaction to the election as an indicator of US seriousness about promoting democracy in Latin America. Undemocratic elements in such troubled states as Ecuador and Paraguay might perceive US acceptance of a questionable electoral process as a green light to step up their efforts to oust their own governments. Conversely, Fujimori and Montesinos might retaliate as in the past against strong US criticism by slowing or ceasing

~~Secret~~

cooperation on counternarcotics and other issues of bilateral interest at least in the short term.

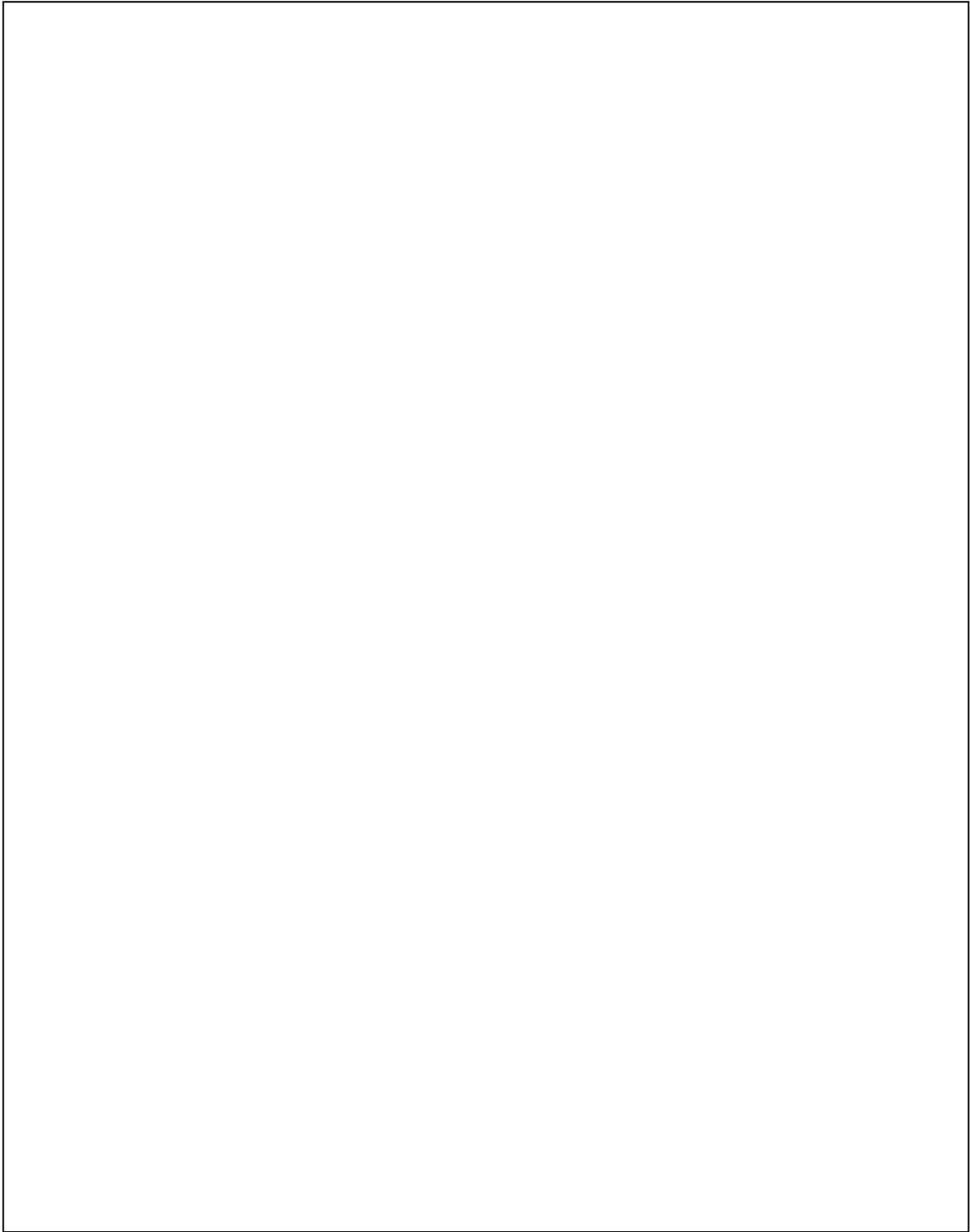
If Toledo or another opposition candidate were to pull off an upset win, he would face the monumental tasks of trying to revitalize a pusillanimous legislature, and depoliticizing the judiciary, executive branch institutions, and the military while attempting to maintain the confidence of the international financial community:

- A new President would almost certainly attempt to purge the military, police force, and intelligence services of Fujimori and Montesinos loyalists, who currently dominate. Although opposition frontrunners appear committed to continuing counternarcotics cooperation with the United States, any effort by them to depoliticize these services could temporarily slow cooperation on counternarcotics.
- Fujimori's main rivals appear to favor continuing his free market economic reform program, but the political transition—likely to be less than smooth—would unnerve foreign investors and cause them to at least delay investment decisions until the new administration proved itself.

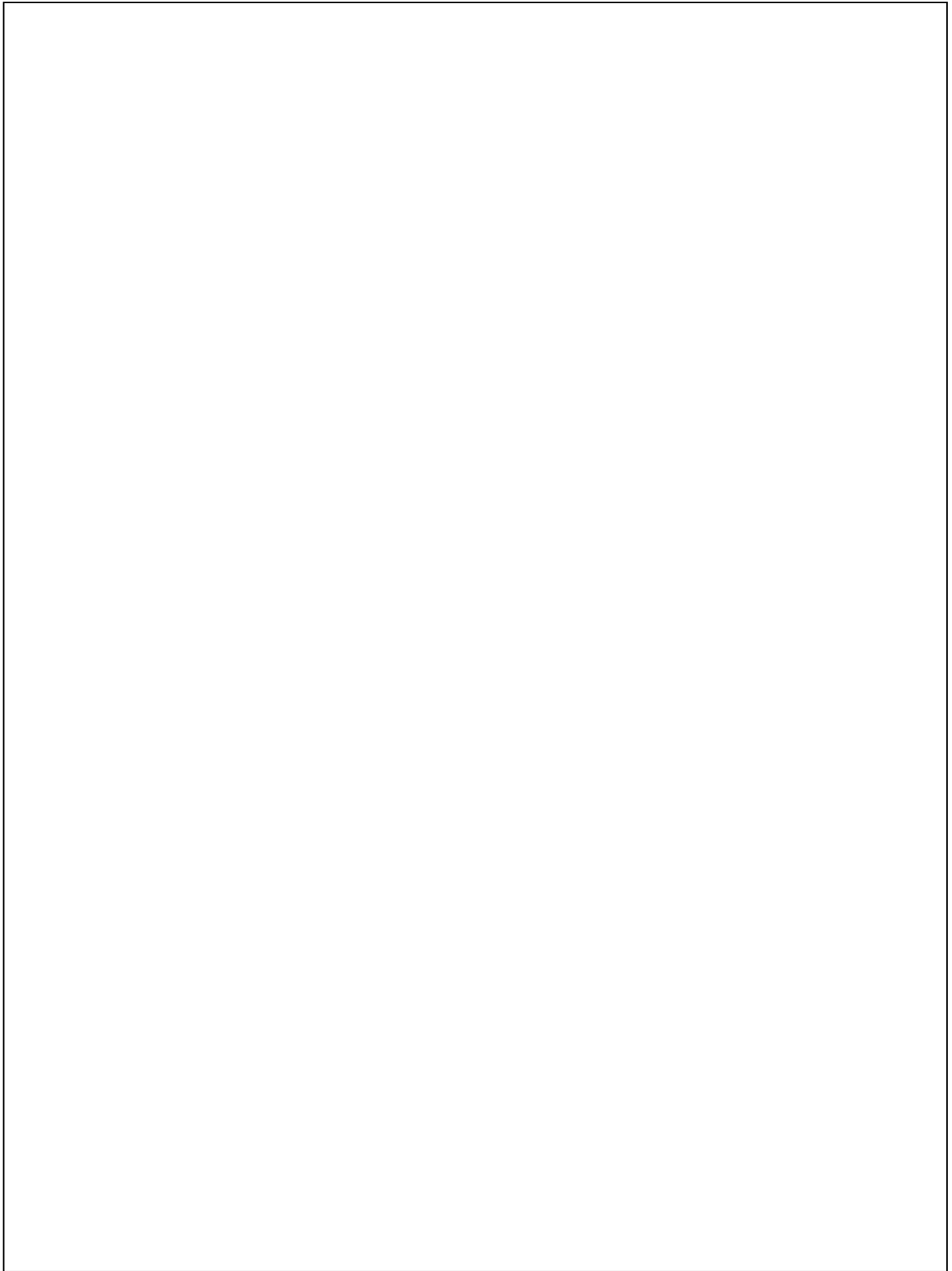
~~Secret~~



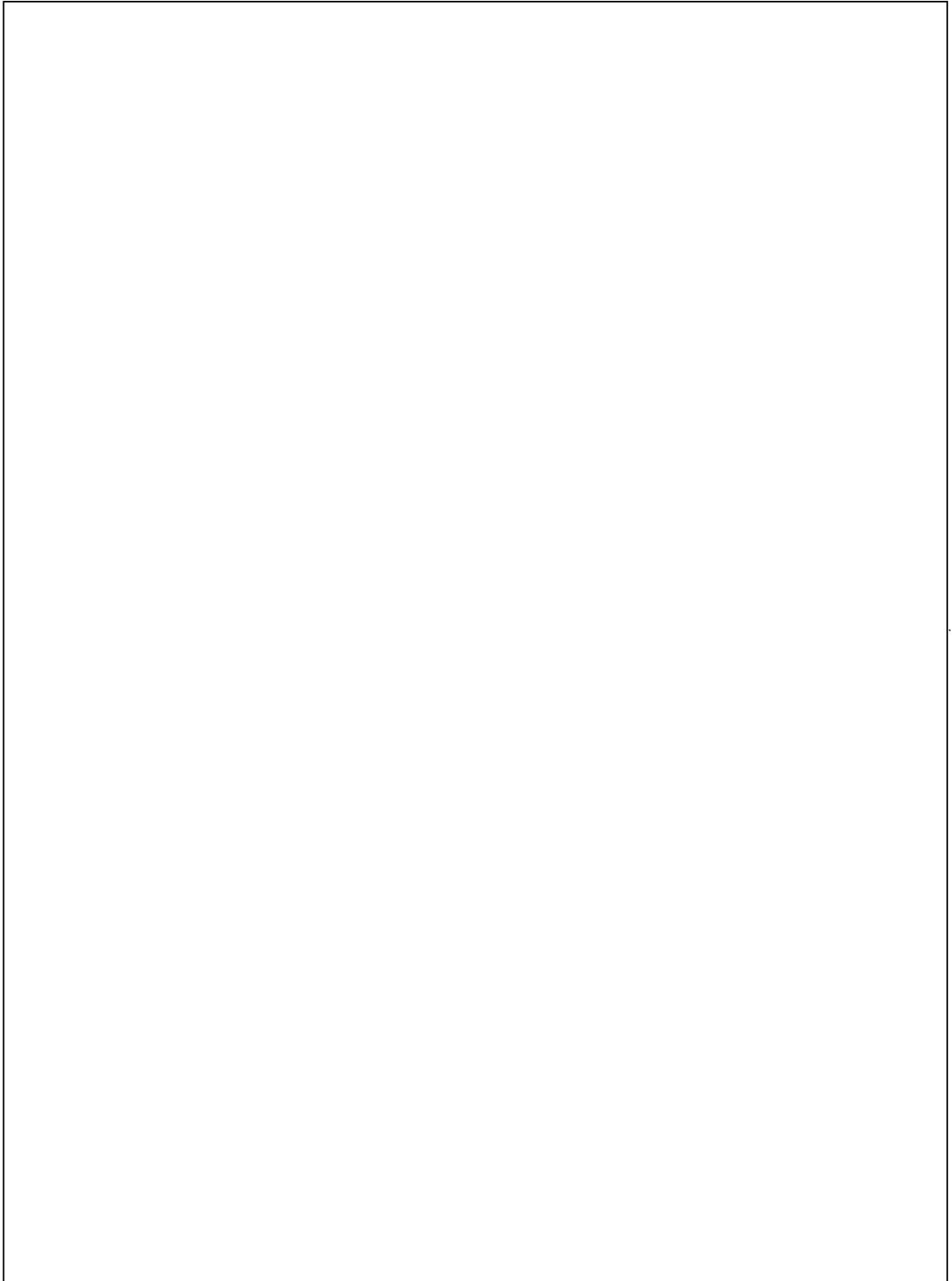
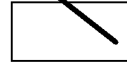
~~Secret~~



~~Secret~~

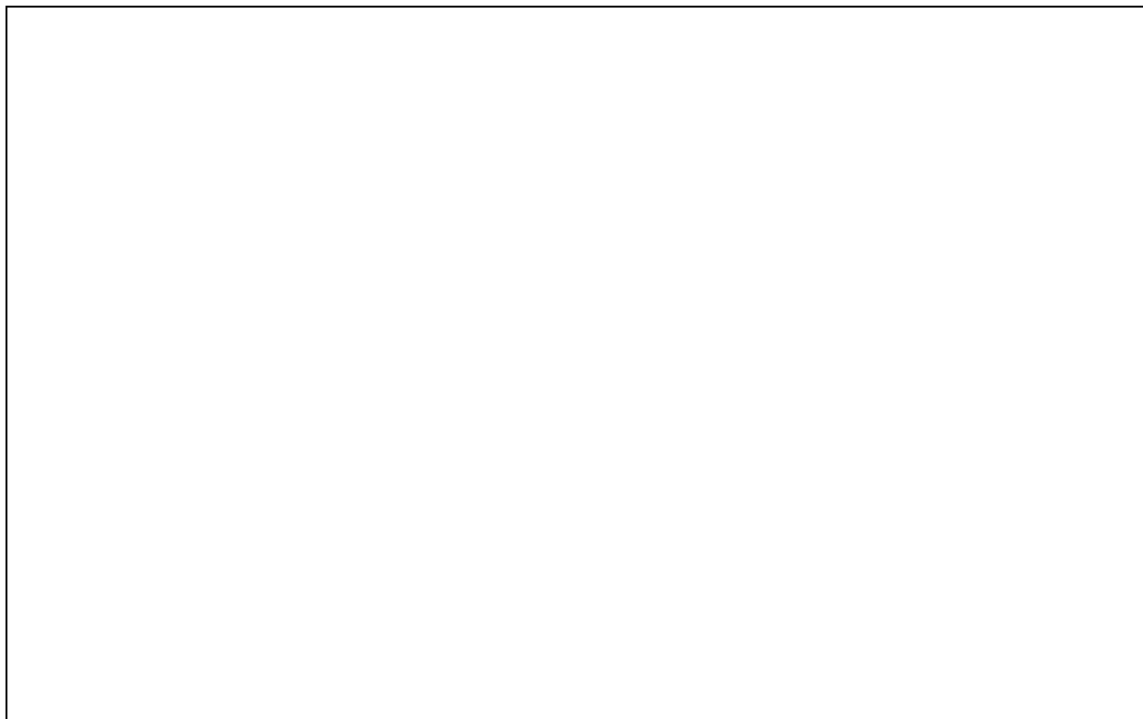


~~Secret~~



~~Secret~~

~~Secret~~



~~Secret~~